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January 23, 2002

Via Electronic Filing with Attachments

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, S.W. TW-A325
Washington, D.C. 20554

Re: Ex Parte Notice, CS Docket 01-348

Dear Ms. Salas:

On Tuesday, January 22, 2002, Cheryl Crate of Pegasus Communications, Bruce Jacobs of Shaw Pittman, and Kathleen Wallman and Brett Tarnutzer of Wallman Strategic Consulting LLC, met with Peter Tenhula and Jamil Lawrence from the Office of Chairman Powell to discuss Pegasus' concerns regarding the proposed merger of EchoStar Communications, Inc. and DIRECTV.

Copies of the attached presentation were distributed during the meeting. In addition to the detail in the presentation, the discussion included an update of Pegasus' build out efforts in the Ka-band.

Sincerely,

Brett Tarnutzer

The EchoStar/ DIRECTV Merger

Pegasus Communications Corporation

Pegasus

- Pegasus is the 3rd largest DBS company and the 10th largest multichannel video company in the United States and is the only DBS company focused exclusively on rural America.
- Pegasus has the exclusive right to distribute DIRECTV services to approximately 7.5 million rural households in 41 states.
- With approximately 1.5 million subscribers, Pegasus has a penetration rate of 20%, the highest of any DBS company in the United States.
- Pegasus is one of the fastest growing media companies in the United States with compounded annual revenue growth of 214% from its IPO in 1996 through 2000.
- Pegasus owns or operates 11 television stations providing free over the air programming to over 2 million households.
- Pegasus has the rights to sell the DIRECWAY product throughout the United States.
- Pegasus was recently awarded Ka-band authorizations at 107 and 117 degrees.

(In thousands)	1996	1997	1998	1999	2000	3Q 2001
Pegasus Subscribers	30	132	435	702	1,403	1,496

Pegasus is the third largest US DBS provider with a compounded annual subscriber growth rate of 119% from its IPO through the third quarter of 2001.

The EchoStar/ DIRECTV Merger

Pegasus' Relationship with DIRECTV

DIRECTV: Infrastructure and Programming

- All platform infrastructure (signal collection & processing, uplinking, launch & operation of satellites & terrestrial networks)
- Selection of programming, pricing of programming from suppliers
- Selection of markets for local TV
- Picture quality, conditional access
- Selection and implementation of advanced services (HDTV, PVRs, ITV, EPGs, PPV)
- Technical aspects of subscriber management (adds, drops, PPV authorizations, raw billing records)

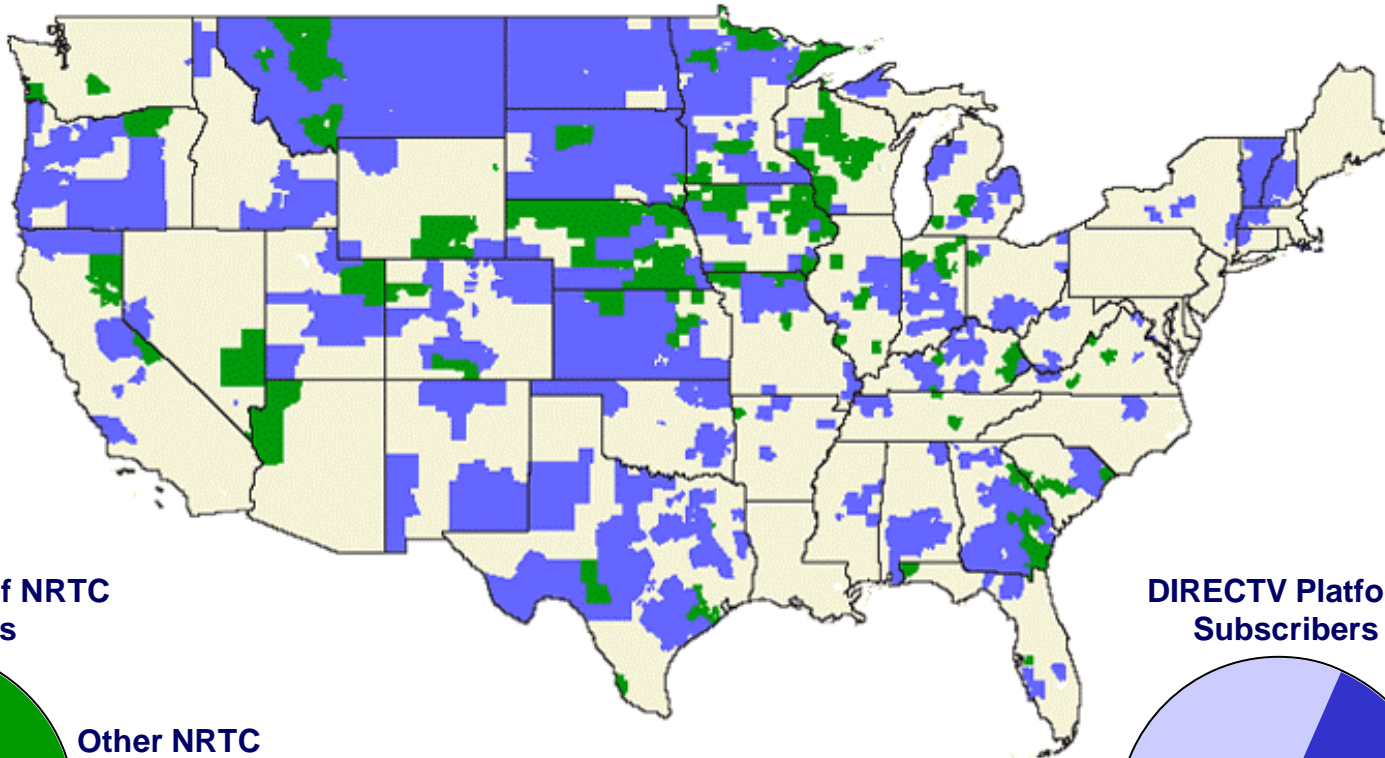
Pegasus: Marketing, Sales, and Customer Care

- Sales & marketing
- Package pricing and promotions
- Dealer & installation subsidies
- Advertising
- Retail distribution network relationships
- Dealer support
- Customer billing and collections
- Customer service and support
- Pays DIRECTV for services:
 - Programming
 - Local-into-local (if available on Pegasus market)
 - Franchise fee
 - Infrastructure costs such as security and satellite operations

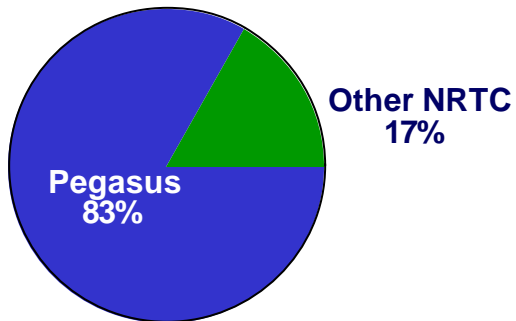
The EchoStar/ DIRECTV Merger

The *DIRECTV* Universe

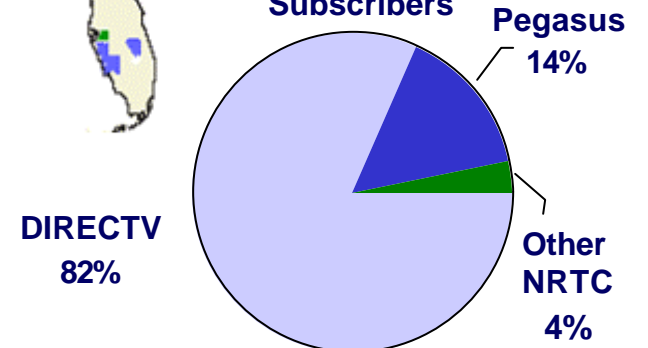
- Pegasus
- Other NRTC Co-op Members
- DIRECTV



Pegasus Share of NRTC Households

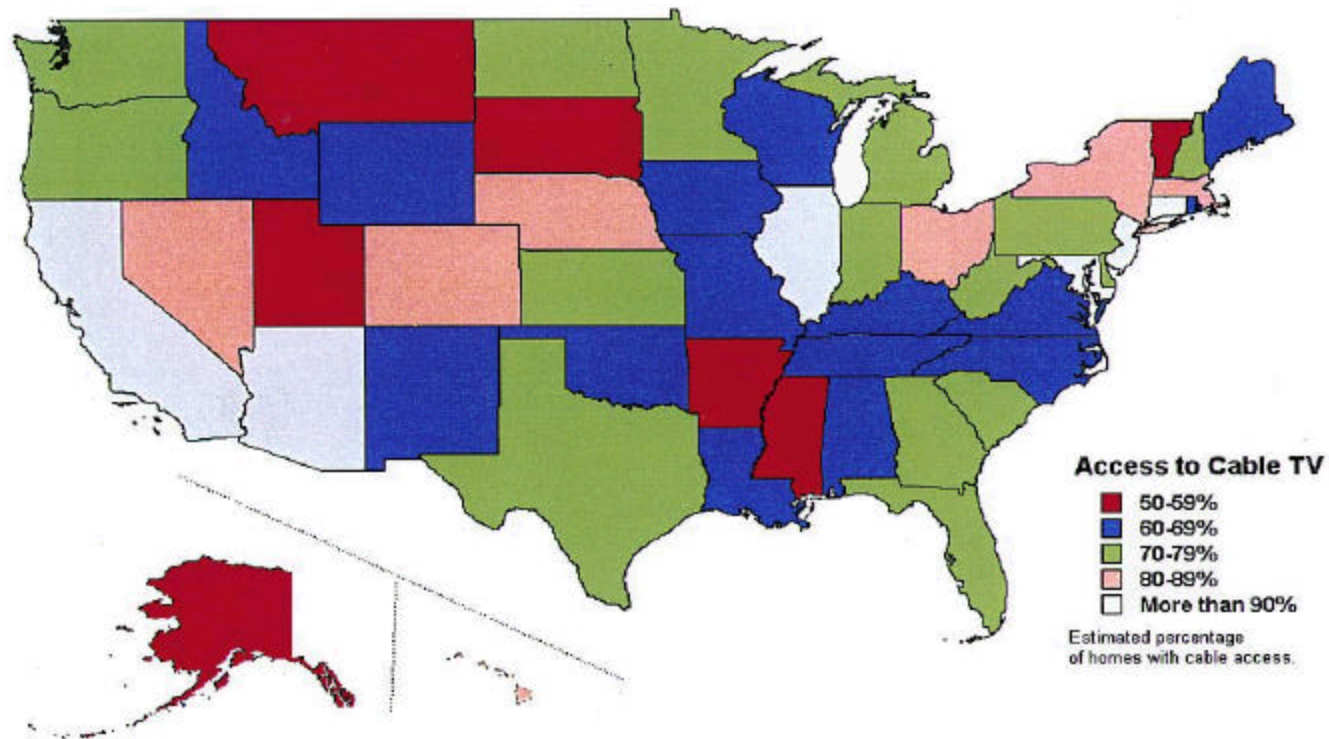


DIRECTV Platform Subscribers



The EchoStar/ DIRECTV Merger

Cable Availability in the United States


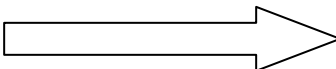


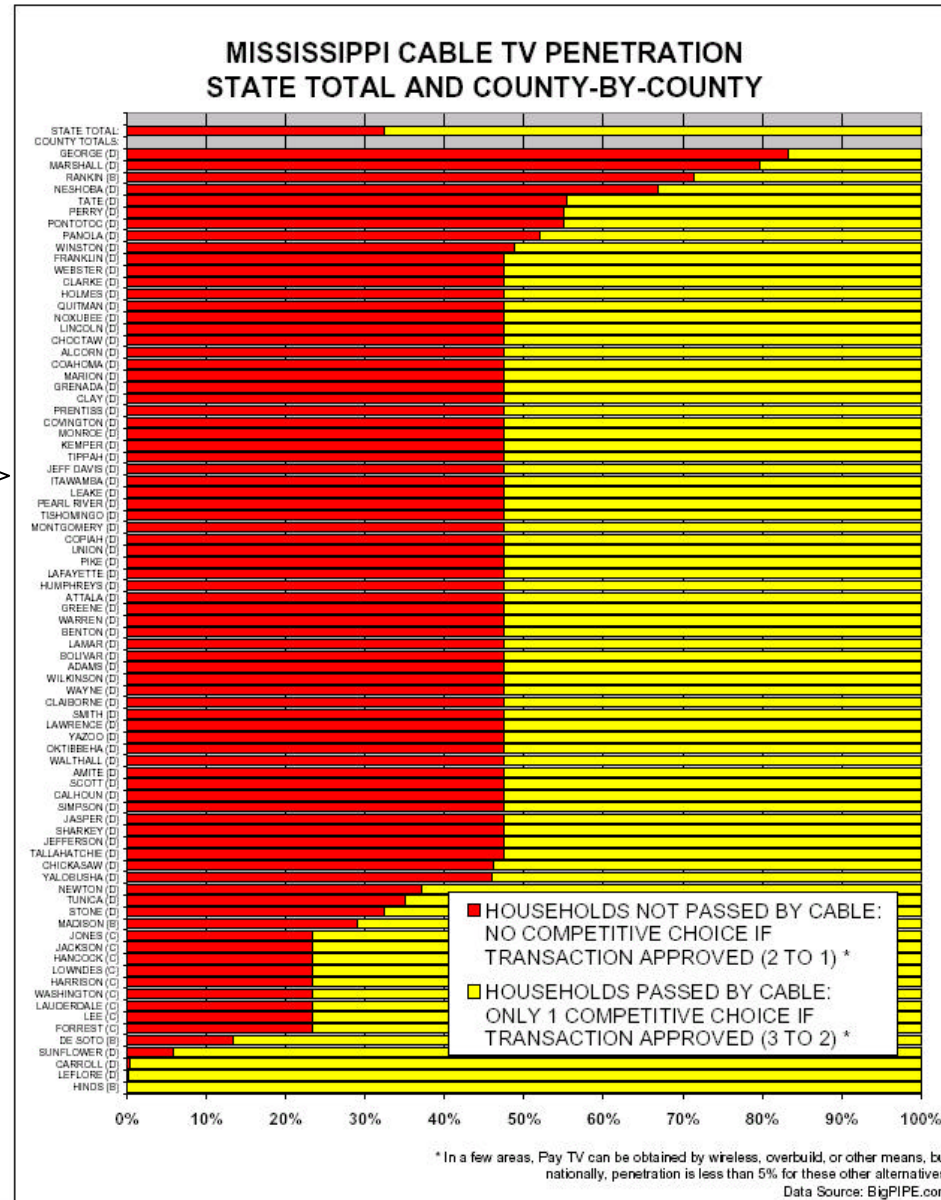
Sources: The New York Times (National Cable and Telecommunications Association, Census Bureau, SkyRESEARCH, Satellite Broadcasting and Communications Association of America, Kagan World Media)

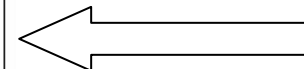

In 22 States, more than 30% of the housing units are not passed by cable.

The EchoStar/ DIRECTV Merger

Mississippi is an example of a state where a large number of counties are significantly non-cabled.

  Households with NO video choice if the merger is approved.



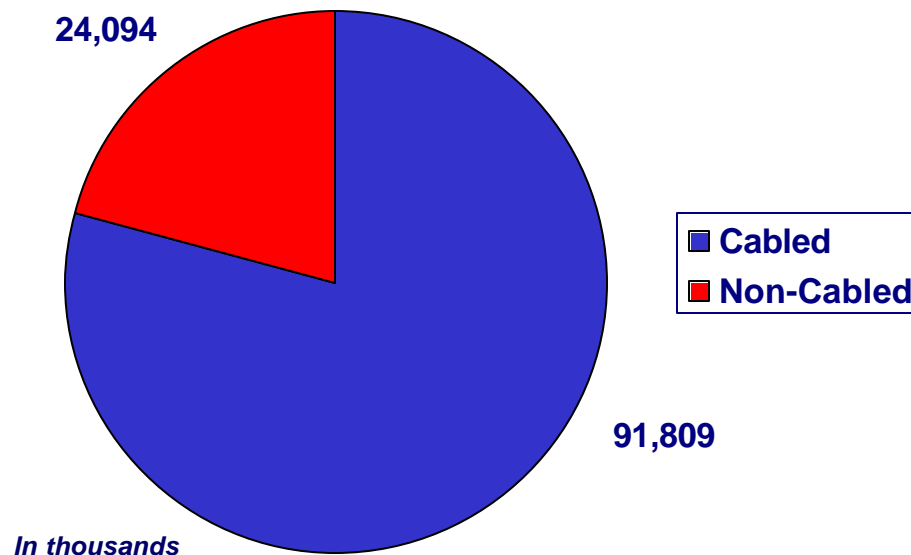
  Households with at most, ONE video choice if the merger is approved.

The EchoStar/ DIRECTV Merger

In Rural / Non-Cabled Areas, This is a Merger to Monopoly

“Millions of potential DBS and/or High Power DBS customers live in areas that do not have access to cable such that, if there is no competition between DIRECTV and EchoStar, there is no competition at all.” *EchoStar motion, Nov. 6, 2000*

Housing Units Cabled versus Non-Cabled



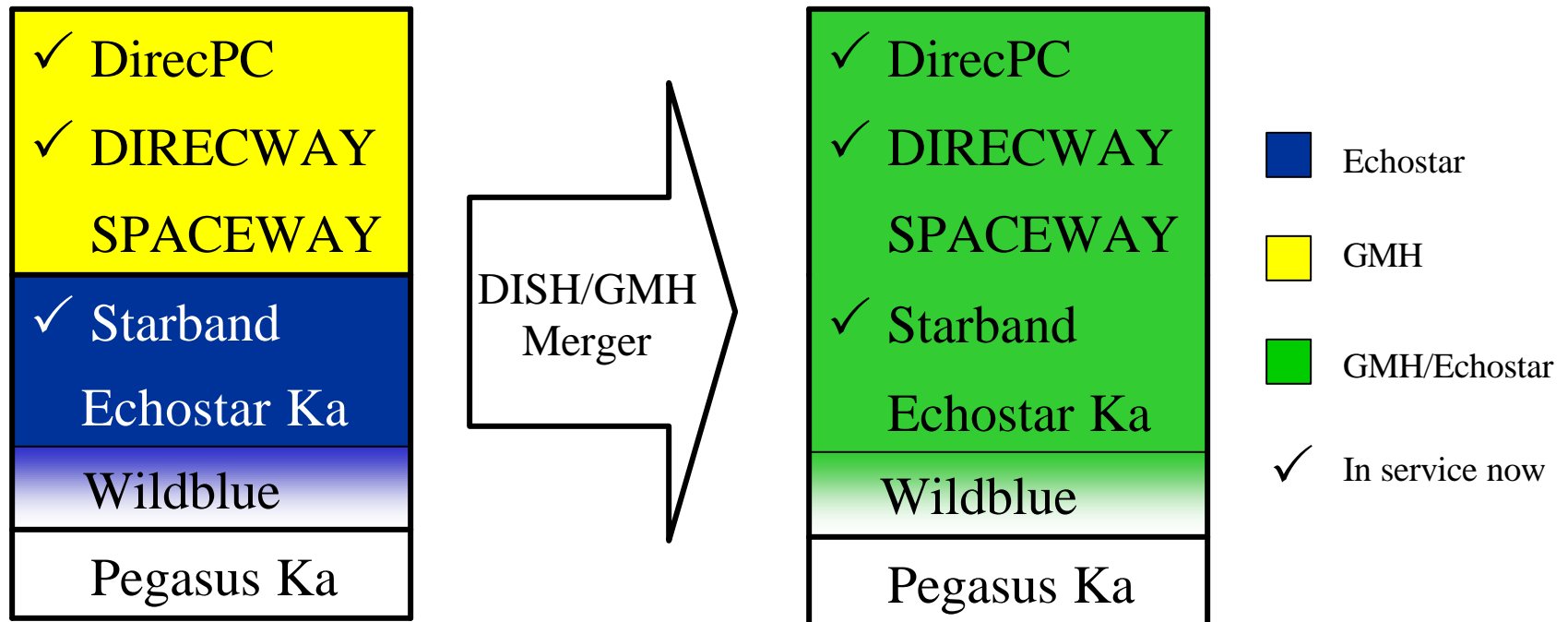
If the merger is approved, competition for price, services, programming packages, customer service, and technological innovation for any pay programming would disappear in rural and non-cabled areas.

21% of all US housing units do not have access to cable.

If the merger is approved, people living in rural and non-cabled areas will be left with only one choice for multichannel video.

The EchoStar/ DIRECTV Merger

Consumer Satellite Broadband Landscape



DISH/GMH and affiliates will:

- Own all three currently operational satellite broadband platforms
- Own five of seven U.S. broadband satellite systems (in service or earnest development)
- Control key video bundling and distribution rights with a 6th partially owned system (Wildblue)
- Directly and with affiliates, control 3 times more full CONUS Ka slots than any competitor
- Have substantial advantages of incumbency and video bundling for launch of advanced broadband platforms

Vast majority of satellite broadband subscribers want bundled TV – any new platform would be at the mercy of satellite TV monopoly.